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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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Comptroller

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May 7, 2009

Rodney Hubbard, Executive Director  
Carr Square Tenant Management Corporation  
1629 Biddle  
St. Louis, MO 63106

RE: Community Development Block Grant (CDBG) (Project #2009-CDA22)

Dear Mr. Hubbard:

Enclosed is a report of our fiscal monitoring review of the Carr Square Tenant Management Corporation, a not-for profit organization, CDBG program, for the period January 1, 2008 through July 31, 2008. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Carr Square Tenant Management. The fieldwork was completed on August 27, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

*Kenneth M. Stone*  
Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Lorna Alexander, Special Assistant for Development, CDA  
Jill Claybour, Acting Executive Director, CDA



# CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**CARR SQUARE TENANT MANAGEMENT CORPORATION  
CONTRACT #08-11-37  
CFDA #14.218**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2008 THROUGH JULY 31, 2008**

**PROJECT #2009-CDA22**

**DATE ISSUED: MAY 7, 2009**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
CARR SQUARE TENANT MANAGEMENT CORPORATION  
FISCAL MONITORING REVIEW  
JANUARY 1, 2008 THROUGH JULY 31, 2008**

**TABLE OF CONTENTS**

<b><u>Description</u></b>	<b><u>Page(s)</u></b>
<b>INTRODUCTION</b>	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	1
<b>SUMMARY OF OBSERVATIONS</b>	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
<b>DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES</b>	<b>3-4</b>

## **INTRODUCTION**

### **Background**

**Contract Name:** McElroy Day Care/Carr Square Infant/Toddler Program

**Contract Number:** 08-11-37

**CFDA Number:** 14.218

**Contract Period:** January 1, 2008 through December 31, 2008

**Contract Amount:** \$29,000

The contract provided Community Development Block Grant (CDBG) funds from the Community Development Administration (CDA) to the Carr Square Tenant Management Corporation (Agency) to provide quality childcare services and experiences for low-to-moderate income children.

### **Purpose**

The purpose of the review was to determine the Agency's compliance with federal, state and local CDA requirements for the period January 1, 2008 through July 31, 2008, and make recommendations for improvements as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grant administered by CDA, evidence tested supporting the reports the Agency submitted to CDA and other procedures performed as considered necessary. The fieldwork was completed on August 25, 2008.

### **Exit Conference**

An exit conference was conducted at Carr Square Tenant Management Corporation on April 23, 2009. The Agency was represented at the exit conference by Rodney Hubbard, Director/Resident Manager; and Priscilla Richie, Director Mary McElroy Day Care. The Internal Audit Section was represented by Jeremy Holtzman, Auditor II; and Shania Woodhouse, Auditor I.

### **Management's Responses**

Management's responses to the observations and recommendations identified in the report were received from the Agency on April 30, 2009. These responses have been incorporated into this report.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with federal, state and local CDA requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2007-CDA48, issued November 13, 2007, contained three observations:

1. Agency failed to submit IRS Form 990 **(Resolved)**
2. Agency failed to provide Missouri Tax Exempt Letter **(Resolved)**
3. Opportunity to improve internal controls **(Resolved)**

### **A-133 Status**

The Agency did not expend \$500,000 in federal funds for the year ended September 30, 2007, but did have an A-133 audit completed. The A-133 report dated February 21, 2008, expressed an unqualified opinion on the financial statements of Carr Square. An unqualified opinion was rendered on the report for the major federal award programs. No reportable conditions were disclosed on the financial statements. No reportable conditions were disclosed on the internal control over major federal awards programs. The Agency did not qualify as a low-risk auditee.

### **Summary of Current Observations**

Recommendations are made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state and local CDA requirements.

- Opportunity to identify service units served correctly

**DETAILED OBSERVATIONS, RECOMMENDATIONS,  
AND MANGEMENT'S RESPONSES**

**Opportunity to Identify Service Units Served Correctly**

There were discrepancies between the numbers of day care service units claimed for reimbursement and the number of units documented in the Agency's attendance records. For the months of April (infant/toddler program) and June 2008 (daycare program), all service units requested for reimbursement (column B) were tested. The Agency claimed and received reimbursement for undocumented units totaling \$334. See chart below.

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Month of Service</b>	<b>Units Reimbursed</b>	<b>Actual Units Served</b>	<b>Variance (B-C)</b>	<b>Unit Cost</b>	<b>Questioned Cost (D*E)</b>
April	166	126	40	\$8.00	\$320.00
April	0	1	(1)	4.00	(4.00)
June	181	178	3	8.00	24.00
June	6	7	(1)	4.00	(4.00)
June	2	3	(1)	2.00	(2.00)
Total reimbursement for undocumented daycare units					\$334.00

Section 9 of the Agency's contract #08-11-37 requires the Operating Agency to maintain such records and accounts "as are deemed necessary to assure a proper accounting of all grant funds." This may include but is not limited to name, date and time of program; location of program/event; signatures of attendees; and hours of attendance. Furthermore, good accounting practices require agencies to document adequately the delivery of service units reported and to not exceed allowable contract limits.

The Agency did not have internal controls in place to ensure accurate accounting of the day care service units served.

Failure to ensure accurate accounting of day care units of service may result in:

- Reimbursements in excess of the actual expenses
- Non-compliance with the requirements of the Agency's CDBG contract agreement with CDA

**DETAILED OBSERVATIONS, RECOMMENDATIONS,  
AND MANAGEMENT'S RESPONSES**

**1. Continued ...**

**Recommendation**

It is recommended that the Agency establish internal controls to ensure correct accounting for day care service units delivered and repay CDA, \$334 for the unsupported day care service units reimbursed.

**Management's Response**

*Carr Square TMC has always had internal controls in place to ensure accurate accounting of the day care services delivered. ... The Director of the Infant Care Center did not follow these procedures for her own personal reasons. Once we became aware of this situation she was terminated. In order to assure that this would happen in the future we have implemented corrective actions as listed.*

*At the end of each month, the Director of the Infant Care Center will review and go over all documents related to the procedures for reimbursement of units for the Day Care Center and the Director of the Day Care will follow the same procedures to monitor the Infant Care Center. This should enhance our internal controls.*

*The Carr Square TMC will repay CDA for any unsupported day care service units reimbursed after an adjustment is made on service units delivered that were not submitted because we thought we requested all funds that were available and allocated.*